GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:5133
ANSWERED ON:27.08.2001
REDUCTION IN PRICE OF TICKETS OF I.A. DUE TO REDUCTION ON PRICE OF ATF
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Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the average price of Aviation Turbine Fuel (ATF) has come down by about Rs.3 a litre from April 1, 2000;

(b) if so, the impact of the same on the price of tickets of Indian Airlines;

(c) whether the Indian Airlines have made any plans to reduce the price of tickets in view of decrease in prices of fuel;

(d) if so, the sectors where air travel will be cheaper; and

(e) the details of the plans of the Indian Airlines to effect rationalisation of price of Air tickets?

Answer

THE MINISTER OF CIVIL AVIATION (SHRI SHARAD YADAV)

(a): On deregulation of domestic ATF price, effective from 1.4.2001, the ATF price on an average came down by Rs.3 per litre. With the deregulation of ATF, the price of ATF can go up or come down in line with the fluctuations in its price in the international market. For instance, the deregulated price of ATF has gone up by about Rs.1 per litre from May,2001 onwards.

(b),(c),(d) and (e): The increase in ATF price prior to the deregulation put additional burden by about Rs.291 crores on the cost of operations of Indian Airlines including Alliance Air, its subsidiary, for the year 2000-01 which equals to Rs. 327 crores on an annualized basis. The deregulation on ATF prices is expected to bring a reduction of about Rs.95 crores in the annualized expenditure at the present price level. There will, therefore, be a net additional burden of about Rs.232 crores, which Indian Airlines and Alliance Air will have to bear.

As the savings estimated due to deregulation of ATF price are much lower than the increase in ATF cost prior to deregulation, there is no possibility for decrease in fares.